

EXHIBIT A WORK STATEMENT

TASK LIST

Task #	CPR	Task Name
1	N/A	Administration
2		Site Preparation
3	X	Equipment Installation
4		Commission and Operate Biodiesel Blending Facility
5		Data Collection and Analysis

KEY NAME LIST

Task #	Key Personnel	Key Subcontractor(s)	Key Partner(s)
1-5			R Power Biofuels LLC Agri Beef Co.

GLOSSARY

Specific terms and acronyms used throughout this work scope are defined as follows:

Term/Acronym	Definition
ARFVT	Alternative and Renewable Fuel and Vehicle Technology
CPR	Critical Project Review
CI	Carbon Intensity
Energy Commission	California Energy Commission
FTD	Fuels and Transportation Division
gCO ₂ e/MJ	Grams of carbon dioxide equivalent emissions per megajoule
GHG	Greenhouse Gas
Recipient	North Star Biofuels LLC
ULSD	Ultra Low Sulfur Diesel

Background:

Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007) created the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVT Program). The statute, subsequently amended by AB 109 (Núñez) Chapter 313, Statutes of 2008), authorizes the Energy Commission to develop and deploy alternative and renewable fuels and advanced transportation technologies to help attain the state's climate change policies. The Energy Commission has an annual program budget of approximately \$100 million and provides financial support for projects that:

- ☐ Develop and improve alternative and renewable low-carbon fuels;

- ☐ Optimize alternative and renewable fuels for existing and developing engine technologies;
- ☐ Produce alternative and renewable low-carbon fuels in California;
- ☐ Decrease, on a full fuel cycle basis, the overall impact and carbon footprint of alternative and renewable fuels and increase sustainability;
- ☐ Expand fuel infrastructure, fueling stations, and equipment;
- ☐ Improve light-, medium-, and heavy-duty vehicle technologies;
- ☐ Retrofit medium- and heavy-duty on-road and non-road vehicle fleets;
- ☐ Expand infrastructure connected with existing fleets, public transit, and transportation corridors; and
- ☐ Establish workforce training programs, conduct public education and promotion, and create technology centers.

The California Energy Commission issued solicitation PON-11-602 to provide funding opportunities under the ARFVT Program for projects to establish infrastructure necessary to store, distribute, and dispense electricity, E-85, propane, diesel substitutes, and natural gas. To be eligible for funding under PON-11-602, the projects must also be consistent with the Energy Commissions ARFVT Investment Plan updated annually.

In response to PON-11-602, the Recipient, North Star Biofuels LLC, submitted application #10, which was proposed for funding in the Energy Commission's Notice of Proposed Awards, Round 1 on April 24, 2012, and is incorporated by reference to this Agreement in its entirety.

Problem Statement:

According to the Pacificwest Biomass Conference (Jan. 16, 2012), while California consumes several billion gallons per year of diesel each year, only 15 million gallons of biodiesel were produced in the state in 2011. There are a variety of factors that have led to such a small volume, including difficulty in getting biodiesel accepted into the California marketplace and the lack of regulatory requirements for biodiesel use. These acceptance problems have occurred primarily due to unreliable product quality associated with traditional batch production technology and financial instability of production companies due to uncertain tax credits and government mandates. As a result, oil companies have been reluctant to mainstream the use of biodiesel and have delayed the necessary investments into fuel infrastructure to deploy biodiesel blends to market.

Recipient is a joint venture of R Power Biofuels LLC and AB Bioenergy, LLC. R Power Biofuels has developed a breakthrough biodiesel production technology that produces an ultra-pure biodiesel and biojet fuel at high production rates and competitive prices with exceptional purity, clarity, and cold-weather performance characteristics, using inedible waste oils (such as animal fats and used cooking oil) as feedstocks and can make very consistent high-quality biodiesel from these low-carbon feedstocks. AB Bioenergy brings capital and feedstock to the project.

Goals of the Agreement

The goal of this project is help California meet the goals of its Low Carbon Fuel Standard by developing a commercial scale biodiesel blending facility as part of a proposed 1,000 barrels per day (15 million gallons per year) biodiesel plant in Watsonville, California.

Objectives of the Agreement:

The objectives of this agreement are to:

- ☐ Achieve a total blended throughput of 30 million gallons per year (blend of diesel and biodiesel), totaling 90 million gallons over a 3-year period, from the commercial scale blending infrastructure;
- ☐ Reduce at least 300 billion grams of carbon dioxide equivalent emissions in the state of California over a 3-year period.

TASK 1 ADMINISTRATION

Task 1.1 Attend Kick-off Meeting

The goal of this task is to establish the lines of communication and procedures for implementing this Agreement.

The Recipient shall:

- ☐ Attend a "Kick-Off" meeting with the Commission Agreement Manager, the Grants Officer, and a representative of the Accounting Office. The Recipient shall bring its Project Manager, Agreement Administrator, Accounting Officer, and others designated by the Commission Agreement Manager to this meeting. The administrative and technical aspects of this Agreement will be discussed at the meeting. Prior to the kick-off meeting, the Commission Agreement Manager will provide an agenda to all potential meeting participants.

The administrative portion of the meeting shall include, but not be limited to, the following:

- Terms and conditions of the Agreement
- Critical Project Review (Task 1.2)
- Match fund documentation (Task 1.6)
- Permit documentation (Task 1.7)
- Subcontracts needed to carry out project (Task 1.8)

The technical portion of the meeting shall include, but not be limited to, the following:

- The Commission Agreement Manager's expectations for accomplishing tasks described in the Scope of Work
- An updated Schedule of Products
- Progress Reports (Task 1.4)

- Technical Products (Product Guidelines located in Section 5 of the Terms and Conditions)
- Final Report (Task 1.5)

The Commission Agreement Manager shall designate the date and location of this meeting.

Recipient Products:

- ☐ Updated Schedule of Products
- ☐ Updated List of Match Funds
- ☐ Updated List of Permits

Commission Agreement Manager Product:

- ☐ Kick-Off Meeting Agenda

Task 1.2 Critical Project Review (CPR) Meetings

The goal of this task is to determine if the project should continue to receive Energy Commission funding to complete this Agreement and to identify any needed modifications to the tasks, products, schedule or budget.

CPRs provide the opportunity for frank discussions between the Energy Commission and the Recipient. The Commission Agreement Manager may schedule CPRs as necessary, and CPR costs will be borne by the Recipient.

Participants include the Commission Agreement Manager and the Recipient and may include the Commission Grants Officer, the Fuels and Transportation Division (FTD) team lead, other Energy Commission staff and Management as well as other individuals selected by the Commission Agreement Manager to provide support to the Energy Commission.

The Commission Agreement Manager shall:

- ☐ Determine the location, date, and time of each CPR meeting with the Recipient. These meetings generally take place at the Energy Commission, but they may take place at another location.
- ☐ Send the Recipient the agenda and a list of expected participants in advance of each CPR. If applicable, the agenda shall include a discussion on both match funding and permits.
- ☐ Conduct and make a record of each CPR meeting. One of the outcomes of this meeting will be a schedule for providing the written determination described below.
- ☐ Determine whether to continue the project, and if continuing, whether or not modifications are needed to the tasks, schedule, products, and/or budget for the remainder of the Agreement. Modifications to the Agreement may require a formal amendment (please see section 8 of the Terms and Conditions). If the Commission Agreement Manager concludes that satisfactory progress is not being made, this conclusion will be

referred to the Lead Commissioner for Transportation for his or her concurrence.

- ☐ Provide the Recipient with a written determination in accordance with the schedule. The written response may include a requirement for the Recipient to revise one or more product(s) that were included in the CPR.

The Recipient shall:

- ☐ Prepare a CPR Report for each CPR that discusses the progress of the Agreement toward achieving its goals and objectives. This report shall include recommendations and conclusions regarding continued work of the projects. This report shall be submitted along with any other products identified in this scope of work. The Recipient shall submit these documents to the Commission Agreement Manager and any other designated reviewers at least 15 working days in advance of each CPR meeting.
- ☐ Present the required information at each CPR meeting and participate in a discussion about the Agreement.

Commission Agreement Manager Products:

- ☐ Agenda and a list of expected participants
- ☐ Schedule for written determination
- ☐ Written determination

Recipient Product:

- ☐ CPR Report(s)

Task 1.3 Final Meeting

The goal of this task is to closeout this Agreement.

The Recipient shall:

- ☐ Meet with Energy Commission staff to present the findings, conclusions, and recommendations. The final meeting must be completed during the closeout of this Agreement. This meeting will be attended by, at a minimum, the Recipient, the Commission Grants Office Officer, and the Commission Agreement Manager. The technical and administrative aspects of Agreement closeout will be discussed at the meeting, which may be two separate meetings at the discretion of the Commission Agreement Manager.

- ☐ Present at the technical portion of the meeting an assessment of the degree to which project and task goals and objectives were achieved, findings, conclusions, recommended next steps (if any) for the Agreement, and recommendations for improvements.
- ☐ Discuss with the Commission Agreement Manager and the Grants Officer the following Agreement closeout items at the administrative portion of the meeting:
 - What to do with any equipment purchased with Energy Commission funds (Options)
 - Energy Commission's request for specific "generated" data (not already provided in Agreement products)
 - "Surviving" Agreement provisions
 - Final invoicing and release of retention
- ☐ Prepare a schedule for completing the closeout activities for this Agreement.

The Commission Agreement Manager will determine the appropriate meeting participants.

Recipient Products:

- ☐ Written documentation of meeting agreements
- ☐ Schedule for completing closeout activities

Task 1.4 Monthly Progress Reports

The goal of this task is to periodically verify that satisfactory and continued progress is made towards achieving the research objectives of this Agreement on time and within budget. The objectives of this task are to summarize activities performed during the reporting period, to identify activities planned for the next reporting period, to identify issues that may affect performance and expenditures, and to form the basis for determining whether invoices are consistent with work performed.

The Recipient shall:

- ☐ Prepare a Monthly Progress Report which summarizes all Agreement activities conducted by the Recipient for the reporting period, including an assessment of the ability to complete the Agreement within the current budget and any anticipated cost overruns. Each progress report is due to the Commission Agreement Manager within 10 days of the end of the reporting period. The recommended specifications for each progress report are contained in Section 6 of the Terms and Conditions of this Agreement.
- ☐ In the first Monthly Progress Report and first invoice, document and verify match expenditures and provide a synopsis of project progress, if match funds have been expended or if work funded with match share has

occurred after the notice of proposed award but before execution of the grant agreement. If no match funds have been expended or if no work funded with match share has occurred before execution, then state this in the report. All pre-execution match expenditures must conform to the requirements in the Terms and Conditions of this Agreement.

Product:

- ☐ Monthly Progress Reports

Task 1.5 Final Report

The goal of the Final Report is to assess the project's success in achieving its goals and objectives, advancing science and technology, and providing energy-related and other benefits to California. The objectives of the Final Report are to clearly and completely describe the project's purpose, approach, activities performed, results, and advancements in science and technology; to present a public assessment of the success of the project as measured by the degree to which goals and objectives were achieved; to make insightful observations based on results obtained; to draw conclusions; and to make recommendations for further projects and improvements to the FTD project management processes.

The Final Report shall be a public document. If the Recipient has obtained confidential status from the Energy Commission and will be preparing a confidential version of the Final Report as well, the Recipient shall perform the following activities for both the public and confidential versions of the Final Report.

The Recipient shall:

- ☐ Prepare an Outline of the Final Report.
- ☐ Prepare a Final Report following the approved outline and the latest version of the Final Report guidelines which will be provided by the Commission Agreement Manager. The Commission Agreement Manager shall provide written comments on the Draft Final Report within fifteen (15) working days of receipt. The Final Report must be completed at least 60 days before the end of the Agreement Term.
- ☐ Submit one bound copy of the Final Report with the final invoice.

Products:

- ☐ Draft Outline of the Final Report
- ☐ Final Outline of the Final Report
- ☐ Draft Final Report
- ☐ Final Report

Task 1.6 Identify and Obtain Matching Funds

The goal of this task is to ensure that the match funds planned for this Agreement are obtained for and applied to this Agreement during the term of this Agreement.

The costs to obtain and document match fund commitments are not reimbursable through this Agreement. Although the Energy Commission budget for this task will be zero dollars, the Recipient may utilize match funds for this task. Match funds shall be spent concurrently or in advance of Energy Commission funds for each task during the term of this Agreement. Match funds must be identified in writing and the associated commitments obtained before the Recipient can incur any costs for which the Recipient will request reimbursement.

The Recipient shall:

- ☐ Prepare a letter documenting the match funding committed to this Agreement and submit it to the Commission Agreement Manager at least 2 working days prior to the kick-off meeting. If no match funds were part of the proposal that led to the Energy Commission awarding this Agreement and none have been identified at the time this Agreement starts, then, state such in the letter. If match funds were a part of the proposal that led to the Energy Commission awarding this Agreement, then provide in the letter a list of the match funds that identifies the:
 - Amount of each cash match fund, its source, including a contact name, address and telephone number and the task(s) to which the match funds will be applied.
 - Amount of each in-kind contribution, a description, documented market or book value, and its source, including a contact name, address and telephone number and the task(s) to which the match funds will be applied. If the in-kind contribution is equipment or other tangible or real property, the Recipient shall identify its owner and provide a contact name, address and telephone number, and the address where the property is located.
- ☐ Provide a copy of the letter of commitment from an authorized representative of each source of cash match funding or in-kind contributions that these funds or contributions have been secured. For match funds provided by a grant, a copy of the executed grant shall be submitted in place of a letter of commitment.
- ☐ Discuss match funds and the implications to the Agreement if they are reduced or not obtained as committed, at the kick-off meeting. If applicable, match funds will be included as a line item in the progress reports and will be a topic at CPR meetings.
- ☐ Provide the appropriate information to the Commission Agreement Manager if during the course of the Agreement additional match funds are received.
- ☐ Notify the Commission Agreement Manager within 10 days if during the course of the Agreement existing match funds are reduced. Reduction in match funds must be approved through a formal amendment to the Agreement and may trigger an additional CPR.

Products:

- ☐ A letter regarding match funds or stating that no match funds are provided
- ☐ Copy(ies) of each match fund commitment letter(s) (if applicable)

- ☐ Letter(s) for new match funds (if applicable)
- ☐ Letter that match funds were reduced (if applicable)

Task 1.7 Identify and Obtain Required Permits

The goal of this task is to obtain all permits required for work completed under this Agreement in advance of the date they are needed to keep the Agreement schedule on track. Permit costs and the expenses associated with obtaining permits are not reimbursable under this Agreement. Although the Energy Commission budget for this task will be zero dollars, the Recipient shall budget match funds for any expected expenditures associated with obtaining permits. Permits must be identified in writing and obtained before the Recipient can make any expenditure for which a permit is required.

The Recipient shall:

- ☐ Prepare a letter documenting the permits required to conduct this Agreement and submit it to the Commission Agreement Manager at least 2 working days prior to the kick-off meeting. If there are no permits required at the start of this Agreement, then state such in the letter. If it is known at the beginning of the Agreement that permits will be required during the course of the Agreement, provide in the letter:
 - A list of the permits that identifies the:
 - Type of permit
 - Name, address and telephone number of the permitting jurisdictions or lead agencies
 - The schedule the Recipient will follow in applying for and obtaining these permits.
- ☐ Discuss the list of permits and the schedule for obtaining them at the kick-off meeting and develop a timetable for submitting the updated list, schedule and the copies of the permits. The implications to the Agreement if the permits are not obtained in a timely fashion or are denied will also be discussed. If applicable, permits will be included as a line item in the Progress Reports and will be a topic at CPR meetings.
- ☐ If during the course of the Agreement additional permits become necessary, provide the appropriate information on each permit and an updated schedule to the Commission Agreement Manager.
- ☐ As permits are obtained, send a copy of each approved permit to the Commission Agreement Manager.
- ☐ If during the course of the Agreement permits are not obtained on time or are denied, notify the Commission Agreement Manager within 5 working days. Either of these events may trigger an additional CPR.

Products:

- ☐ Letter documenting the permits or stating that no permits are required
- ☐ A copy of each approved permit (if applicable)
- ☐ Updated list of permits as they change during the term of the Agreement (if applicable)

- ☐ Updated schedule for acquiring permits as changes occur during the term of the Agreement (if applicable)

Task 1.8 Manage Subcontracts

The goal of this task is to ensure quality products and to procure subcontracts required to carry out the tasks under this Agreement consistent with the terms and conditions of this Agreement and the Recipient's own procurement policies and procedures. It will also provide the Energy Commission an opportunity to review the subcontracts to ensure that the tasks are consistent with this Agreement, that the budgeted expenditures are reasonable and consistent with applicable cost principles.

The Recipient shall:

- ☐ Manage and coordinate subcontractor activities.
- ☐ Submit a draft of each subcontract required to conduct the work under this Agreement to the Commission Agreement Manager for review.
- ☐ Submit a final copy of the executed subcontract.
- ☐ If Recipient decides to add new subcontractors, it shall notify the Commission Agreement Manager.

Products:

- ☐ Draft subcontracts
- ☐ Final subcontracts

TECHNICAL TASKS

Task 2 SITE PREPARATION

The goal of this task is to prepare the project site for installation of equipment for the commercial scale biodiesel blending facility.

The Recipient shall:

- ☐ Prepare the tank foundations, electrical infrastructure, and piping necessary to support installation of the blending system and tanks at the project site.
- ☐ Prepare electrical and piping infrastructure to link blending system with feedstock and product tanks and computer control system.
- ☐ Prepare and submit a Site Preparation Report documenting readiness of site for equipment installation.

Products:

- ☐ Site Preparation Report

Task 3 EQUIPMENT INSTALLATION

The goal of this task is to purchase and install equipment necessary for commercial biodiesel blending facility, including a blending system, feedstock storage tanks, biofuel (B100) storage tanks, ultra low sulfur diesel (ULSD) storage tanks, additive and red-dye injection systems, and necessary software.

The Recipient shall:

- ☐ Purchase and install the blending equipment, including blender, skid-mounted rack, required coils, insulation, and piping.
- ☐ Purchase and install the feedstock tanks for feedstock storage.
- ☐ Purchase and install the B100 tanks for B100 storage, including level control, piping, and valves.
- ☐ Purchase and install ULSD tanks to allow for lower blends of biodiesel, including B5, B10, B20, and B50.
- ☐ Purchase and install software to automate blending facility and loading.
- ☐ Integrate blending and loading software with accounting and regulatory reporting software.
- ☐ Purchase and install an additive injection system to stabilize biodiesel for storage.
- ☐ Purchase and install a red-dye injection system to allow biodiesel blends to be sold and distributed for off-road farm and construction use.
- ☐ Prepare and submit an Equipment Installation Report summarizing work performed, any problems encountered and how they were solved, source of feedstock being stored at the facility, and feedstock for the biofuel stored at the facility.

[CPR will be held during this task. See Task 1.2 for details.]

Products:

- ☐ Equipment Installation Report

Task 4 COMMISSION AND OPERATE BIODIESEL BLENDING FACILITY

The goal of this task is to commission and begin commercial operations of the biodiesel blending facility.

The Recipient shall:

- ☐ Run appropriate tests on installed equipment to ensure proper operation.
- ☐ Troubleshoot any issues that arise during testing.
- ☐ Obtain any appropriate local agency inspections and approvals for biodiesel blending facility.
- ☐ Begin commercial operation of the biodiesel blending facility.
- ☐ Prepare and submit a Commissioning Report that summarizes the results of tests performed on equipment, actions taken to troubleshoot any issues that arose during testing, documentation of agency approvals, if any, and confirmation that biodiesel blending facility has begun commercial operation.

Products:

- ☐ Commissioning Report

Task 5 DATA COLLECTION AND ANALYSIS

The goal of this task is to collect operational data from the project, to analyze that data for economic and environmental impacts, and to include the data and analysis in the Final Report.

The Recipient shall:

- ☐ Collect at least 6 months of throughput, usage, and operations data from the project including, but not limited to:
 - ☐ Volume of biodiesel dispensed per month.
 - ☐ Feedstock sources of biodiesel dispensed at facility.
 - ☐ Specific jobs and economic development resulting from this project
- ☐ Identify any current and planned use of renewable energy at the facility.
- ☐ Describe any energy efficiency measures used in the facility that may exceed Title 24 standards in Part 6 of the California Code Regulations.
- ☐ Provide data on potential job creation, economic development, and increased state revenue as a result of expected future expansion.
- ☐ Provide a quantified estimate of the project's CI values for life-cycle greenhouse gas emissions.
- ☐ Compare any project performance and expectations provided in the proposal to Energy Commission with actual project performance and accomplishments.
- ☐ Provide additional information that may be requested by the Energy Commission during the term of this Agreement, as is reasonably available.

Products:

- ☐ None. Data collection information and analysis will be included in the Final Report.